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C O N F I D E N T I A L BAGHDAD 003649

SIPDIS

TREASURY FOR DEPUTY SECRETARY KIMMITT

E.O. 12958: DECL: 11/16/2018

TAGS: PREL PGOV ECON EAID I2

SUBJECT: TREASURY DEPUTY SECRETARY KIMMITT DISCUSSES THE  
ROLE OF THE DPM SERVICES WITH AL-ISSAWI

Classified By: EMIN- Marc Wall, reasons E.O. 12958 1.5 b,d)

¶1. (SBU) Summary: During a pull-aside at the Dialogue on Business and Investment Climate (DBIC) on November 1, 2008, Deputy Treasury Secretary Robert Kimmitt met with the Government of Iraq's Deputy Prime Minister for Services, al-Issawi, and members of his staff. Discussion focused on al-Issawi's objectives; the delineation of responsibilities between al-Issawi and the DPM for Economics, Barhim Salih; and ways the International Compact with Iraq (ICI) could assist the GoI in implementing economic policy. End Summary.

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Al Issawi on His Role, GOI COordination  
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¶2. (SBU) D/S Kimmitt praised al-Issawi for his efforts at building constructive dialogue between the provincial governors and the line ministries in Baghdad on the topic of essential services. Kimmitt noted that the GoI controlled its own destiny in the services area, as the necessary capital spending programs will be funded almost in their entirety with GoI resources. Al-Issawi noted that he was creating a Director General to deal with provincial issues, recognizing the importance of the provinces.

¶3. (C) Al-Issawi responded to D/S Kimmitt's question regarding the division between himself and DPM Barhim Salih by noting that overlap existed, but that good relations existed between them. When the delineation was not clear, such as recent issues involving Diyala and Mosul, staffs of the two DPMs met and worked out a way forward. He cited success in this regard with the creation of Reconstruction Committees, in which both GoI and USG entities participated, but which were headed by Iraqis. Having a provincial focus, these Reconstruction Committees would primarily utilize provincial funds.

¶4. (C) Al-Issawi noted that budget execution is one of his main priorities. He expressed frustration with the Ministry of Oil for under-investing in the oil sector. He blamed Minister Shahristani personally, noting that he is uncooperative and lacks expertise. DPM Al-Issawi wants to merge the Oil and Electricity Ministries, but both ministries oppose this step. In response to a question, Al-Issawi noted that the hydrocarbons legislation is essential, but it will be difficult to achieve. He expects that constitutional issues regarding the KRG will need to be resolved before hydrocarbons legislation is passed.

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International Compact a Tool for Improving Services  
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¶5. (SBU) D/S Kimmitt asked DPM Al-Issawi about the ICI, which Kimmitt praised as a solid document that Iraq could use to engage other donors, many of whom have been slow to follow

through on their pledges at Madrid and Stockholm. In particular, Iraq could use the ICI to identify specific projects related to services that other countries could finance from their pledges. Issawi responded that the Compact formed a good framework for helping to organize Iraqi reform efforts. Al-Issawi went on to note that, although the Compact included about 400 individual measures (note: "indicative actions" in the ICI's Joint Monitoring Matrix), they covered the full gamut of governmental programs. Al-Issawi said that he wanted to focus on the 100 or so that relate to economics, and press for real progress a subset of those.

¶6. (SBU) D/S Kimmitt noted that DPM Salih has led efforts to expand the external reach of the Compact, but that it needed to have more buy-in internally in the GoI. Al-Issawi noted that there was an inherent misalignment. For Iraq, the lead official on the Compact, DPM Barham Salih, had economic responsibilities. Meanwhile, in most other governments, the Compact was the responsibility of the Ministry of Foreign Affairs, which then engaged primarily with Foreign Minister Zebari, rather than DPM Salih. As a result, other countries were focused on political and security issues, rather than the economic goals embedded in the Compact. D/S Kimmitt noted this discontinuity, but encouraged al-Issawi to focus on the economic goals articulated in the Compact, encouraging GoI ministers to work toward these objectives, while at the same time, encouraging other Compact signatories to live up to their pledges.

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